

Message Text

UNCLASSIFIED

PAGE 01 STOCKH 02679 01 OF 03 121724Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 ICA-20
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 PA-02 /125 W
-----109913 121755Z /53

R 120920Z JUL 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 4223
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK

UNCLAS SECTION 1 OF 3 STOCKHOLM 2679

USEEC

USOECD

E.O. 11652: N/A
TAGS: ECRP, EFIN, ELAB, ETRD, OECD, SW
SUBJECT: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES: SWEDEN

REF: (A) STOCKHOLM 2244, (B) STOCKHOLM 2607, (C) STATE 165935,
(D) STOCKHOLM A-68

1. FOLLOWING ARE ECONOMIC INDICATORS ON SWEDEN
AVAILABLE JULY 10.

2. PRODUCTION:
A GROUP OF PROMINENT SWEDISH ECONOMISTS MAKE AN
INDEPENDENT ASSESSMENT OF THE OUTLOOK FOR SWEDEN'S
ECONOMY AT CHRISTMAS EACH YEAR WHICH IS PUBLISHED BY A
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 02679 01 OF 03 121724Z

PRIVATE ECONOMIC RESEARCH ORGANIZATION REFERRED TO AS
SNS. TWO MEMBERS OF THIS GROUP--PROFESSOR ERIK LUNDBERG
AND ECONOMIST BENGT RYDEN--REASSESSED THE SCENE IN EARLY
JUNE. THEY SUMMARIZED THEIR FINDS IN THE FOLLOWING
TABLE, WHICH ALSO SHOWS WHAT THE SNS GROUP FORECAST IN
DECEMBER 1977 AND WHAT THE ECONOMICS MINISTRY FORECAST
IN THE PRELIMINARY NATIONAL BUDGET AND THE REVISED BUDGET.

SWEDEN'S GDP BY COMPONENTS 1977/78

(ESTIMATED PERCENTAGE CHANGE)

	SNS		ECON. MINISTRY		
	DEC 77	MAY 78	DEC 77	MAY 78	
PRIVATE CONSUMPTION		-2.0	-2.0	-1.0	-1.0
PUBLIC CONSUMPTION		4.0	3.5	2.8	2.5
GROSS INVESTMENT					
PRIVATE	-15.0	-16.0	-8.1	-9.0	
OF WHICH, INDUSTRY		-20.0	-20.0	-14.9	-12.0
CENTRAL GOVT.	0.5	8.0	0.9	7.9	
LOCAL GOVT.	4.0	2.0	4.5	0.1	
HOUSING	3.0	7.0	7.4	14.8	
INVENTORY ACCUMULATION (1)		-0.3	-1.0	-1.1	-1.6
EXPORTS	2.0	3.0	5.0	5.6	
MINUS: IMPORTS		-3.0	-4.0	-1.3	-3.5
GDP	-0.2	-0.7	0.2	0.8	

(1) AS PERCENTAGE OF FOREGOING YEAR'S GDP

QUARTERLY GDP (REF. B) - NO NEW FIGURES.

	APR 77	MAR 78	APR 78
INDUSTRIAL PRODUCTION INDEX	139	126	134

(1968 BASE)

3. DEMAND:

DISPOSABLE INCOME-NO NEW FIGURES

RETAIL SALES INDEX. THE SERIES HITHERTO TRANSMITTED WAS
AN INDEX OF SALES IN CURRENT PRICES. THE CENTRAL
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STOCKH 02679 01 OF 03 121724Z

STATISTICAL BUREAU HAS DEFLATED THIS SERIES SINCE
JANUARY 1973 TO REFLECT VOLUME CHANGES (WITH 1968 AS A
BASE YEAR AT CURRENT PRICES). WE FEEL THAT FIGURES IN
THE RECALCULATED SERIES WOULD BE OF MORE USE TO READERS
IN THAT THEY SHOW DIRECT CHANGES IN THE VOLUME OF SALES.
THE SERIES RUNS:

	1977	1978
JAN	114.5	112.5
FEB	108.8	103.9
MAR	119.4	116.7
APR	123.7	
MAY	131.3	
JUN	116.6	
JUL	110.3	
AUG	114.0	
SEP	118.4	
OCT	127.9	
NOV	129.0	
DEC	172.3	

AS WITH THE SERIES IN CURRENT PRICES, NEW MONTHLY
FIGURES ARE ONLY MADE AVAILABLE EACH QUARTER.
TRANSPORTATION INDEX-NO NEW FIGURES

(1970 BASE)

HOUSING CONSTRUCTION STARTS

	APR 77	MAY 77	APR 78	MAY 78
MULTIFAMILY UNITS	1,000	1,200	1,100	1,200
SINGLE-FAMILY UNITS	2,800	3,500	3,400	3,600

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 STOCKH 02679 02 OF 03 121738Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 ICA-20

OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00

OMB-01 SS-15 PA-02 /125 W

-----110142 121755Z /53

R 120920Z JUL 78

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 4224

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

UNCLAS SECTION 2 OF 3 STOCKHOLM 2679

USEEC

USOECD

4. PRICE INDICES:

	MAY 77	APR 78	MAY 78
CONSUMER PRICES	419	465	467
(1949 BASE)			
FOOD PRICES	534	599	599
(1949 BASE)			
PRODUCER PRICES	207	220	220
(1968 BASE)			
EXPORT PRICES	210	222	221
(1968 BASE)			
IMPORT PRICES	230	251	251
(1968 BASE)			

5. FINANCIAL:

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 02679 02 OF 03 121738Z

MAY 77 APR 78 MAY 78
 MONEY SUPPLY (M3) 194.1 221.7 220.3
 (BILLION KRONOR)
 LONG-TERM INTEREST RATE, JUN 77 MAY 78 JUN 78
 INDUSTRIAL BONDS AT
 MID-MONTH (PERCENTAGE) 9.89 10.12 10.12
 CENTRAL BANK DISCOUNT RATE - STILL SEVEN PERCENT.

6. CENTRAL GOVERNMENT (ALL FIGURES IN MILLIONS OF KRONOR):

JUNE 77 JUN 78 FY 77 FY 78
 FEDERAL BUDGET OUTCOME 2,055 687 -10,792 -25,631
 (DEFICIT -)
 END MAY 77 END MAY 78
 NATIONAL DEBT 80,001 104,273
 OF WHICH:
 EXTERNAL PUBLIC DEBT 3,297 10,644

7. LABOR MARKET:

MAY 77 APR 78 MAY 78
 TOTAL EMPLOYMENT 4,100 4,086 4,091
 (THOUSANDS)
 UNEMPLOYMENT 53,000 89,000 77,000
 LABOR COSTS - NO NEW FIGURES
 (1967 BASE)

8. BALANCE OF PAYMENTS (MILLIONS OF KRONOR, CURRENT PRICES). SEE ALSO REF A D.

PERCENTAGE
 MAY 77 MAY 78 CHANGE
 TOTAL EXPORTS (FOB) 7,230 7,900 9
 TOTAL IMPORTS (CIF) 7,600 7,400 -3
 TRADE BALANCE -370 500
 PERCENTAGE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STOCKH 02679 02 OF 03 121738Z

JAN-MAY 77 JAN-MAY 78 CHANGE
 TOTAL EXPORTS (FOB) 34,300 39,400 15
 TOTAL IMPORTS (CIF) 37,240 36,700 -1
 TRADE BALANCE -2,940 2,700
 PERCENTAGE
 JAN-MAR 77 JAN-MAR 78 CHANGE
 EXPORTS TO US 981 1,407 43
 IMPORTS FROM US 1,582 1,744 10
 SOURCE: CENTRAL BUREAU OF STATISTICS.

VALUE OF PASSENGER CARS EXPORTED TO US IN Q1, 1978, WAS
116 PERCENT GREATER THAN IN Q1, 1977.

END MAY 77 END APR 78 END MAY 78

OFFICIAL FOREIGN

EXCHANGE RESERVES 14,379 19,168 19,853

THE AVERAGE EXCHANGE RATE OF THE DOLLAR AGAINST THE
SWEDISH KRONA IN JUNE 1978 WAS ONE US DOLLAR EQUALS SKR 4.603.

9. COMMENT. FIRST, TWO STATEMENTS MADE IN THE SNS
REPORT CITED UNDER 2 ABOVE: "OUR CONCLUDING OBSERVATION
IN DECEMBER, I.E. THAT 1978 WOULD BE A 'LOST YEAR' FROM
THE BUSINESS ACTIVITY VIEWPOINT, HAS EVEN GREATER
VALIDITY NOW. THE REMARKABLE IMPROVEMENTS ACHIEVED IN
TRADE BALANCE (IMPORTS) AND INFLATION RATE HAVE BEEN
BOUGHT AT THE COST OF GREATLY DEPRESSED DOMESTIC DEMAND
WITH PRODUCTION AND INCOME LOSSES OF ALMOST UNBELIEVABLE
MAGNITUDE. THE QUESTION NOW IS HOW LONG THIS
RESTRICTIVE POLICY SHOULD CONTINUE..." "THE
GOVERNMENT'S CONTINUED PASSIVE SUBSIDIZATION POLICY IS
CONSERVING STRUCTURES AND SLOWING UP NEEDED CHANGES...
RESTRUCTURING POLICY WOULD BE FACILITATED AND GIVEN
GREATER EFFECT IF THE COUNTRY'S ECONOMIC POLICY WERE
MADE MORE EXPANSIVE--BY FURTHER LOWERING EMPLOYERS'
SOCIAL CONTRIBUTIONS AND BY PROVIDING FURTHER SUPPORT TO
HOUSING CONSTRUCTION AND/OR STIMULATION OF PRIVATE
CONSUMPTION BY, FOR INSTANCE, LOWERING THE VALUE-ADDED
TAX RATE. WE BELIEVE THERE ARE SEVERAL REASONS WHY SUCH
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STOCKH 02679 02 OF 03 121738Z

MEASURES SHOULD BE INTRODUCED THIS YEAR."

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 STOCKH 02679 03 OF 03 121740Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 ICA-20

OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00

OMB-01 SS-15 PA-02 /125 W

-----110192 121754Z /53

R 120920Z JUL 78

FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 4225
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK

UNCLAS SECTION 3 OF 3 STOCKHOLM 2679

USEEC

USOEC

10. THE LUNDBERG-RYDEN REPORT IS MORE PESSIMISTIC THAN THE REVISED NATIONAL BUDGET ABOUT DEVELOPMENTS IN 1978 ON NEARLY ALL COUNTS, BUT A LITTLE LIGHT WAS DISCERNED AT THE END OF THE TUNNEL LAST WEEK BY THE NATIONAL INSTITUTE OF ECONOMIC RESEARCH IN A PREVIEW OF ITS QUARTERLY SHORT-TERM "BAROMETER" REPORT ON BUSINESS ACTIVITY. ACCORDING TO THE PRESS RELEASE, THE TROUGH OF SWEDEN'S RECESSION HAS NOW BEEN PASSED, WITH MORE FIRMS AT LAST REPORTING A DECLINE IN OVER-LARGE INVENTORIES AND AN INCREASE IN EXPORT ORDER INFLOW. NOTING THAT THE BAROMETER WAS FURTHER EVIDENCE OF THE SUCCESS OF THE GOVERNMENT'S ECONOMIC POLICY, ECONOMICS MINISTER BOHMAN TOLD THE PRESS THAT HE NOW THOUGHT THE SQUEEZE ON CONSUMPTION HAD "GONE A LITTLE TOO FAR, SO PERHAPS IT'S UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 02679 03 OF 03 121740Z

TIME TO SEE WHETHER SOME NEW MEASURES MIGHT BE CALLED FOR IN THE FALL."

11. WITH PAY INCREASES NOW AGREED, LAST MONTH, FOR ABOUT HALF A MILLION GOVERNMENT EMPLOYEES, THE ROUND OF CENTRAL WAGE NEGOTIATIONS IS OVER. FOR THE CURRENT YEAR AND THE FIRST TEN MONTHS OF NEXT YEAR, GOVERNMENT EMPLOYEES WILL THUS RECEIVE AN AVERAGE RISE OF 5.6 PERCENT, TO BE COMPARED WITH 6.4 PERCENT FOR MUNICIPAL EMPLOYEES AND 5.0 PERCENT FOR THOSE IN THE PRIVATE SECTOR. NEARLY ALL CENTRAL AGREEMENTS CONTAIN AN INFLATIONARY CLAUSE PROVIDING FOR RENEGOTIATION SHOULD THE CONSUMER PRICE INDEX FOR DECEMBER 1978 BE MORE THAN 7.25 PERCENT ABOVE THE INDEX FOR JANUARY 1978.
KENNEDY-MINOTT

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 12 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STOCKH02679
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780285-1086
Format: TEL
From: STOCKHOLM USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780767/aaaacepy.tel
Line Count: 328
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3bcf7e76-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STOCKHOLM 2244, 78 STOCKHOLM 2607, 78 STATE 165935, 78 STOCKHOLM A-68
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2029938
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES: SWEDEN
TAGS: ECRP, EFIN, ELAB, ETRD, SW, OECD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3bcf7e76-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014